

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 FEAE-00 DRC-01

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TO SECSTATE WASHDC 1535

INFO AMEMBASSY BEIRUT

C O N F I D E N T I A L DAMASCUS 2079

EO 11652: GDS

TAGS: EAID, SY

SUBJECT: US/SYRIAN ECONOMIC RELATIONS

REF: DAMASCUS 2063

1. SUMMARY: SYRIAN MINISTERS DEALING WITH ECONOMY EXPRESSED KEEN INTEREST IN WHAT THEY BELIEVE ARE RAPIDLY DEVELOPING US/SYRIAN ECONOMIC RELATIONS. MOMENTUM FOR CLOSER ECONOMIC TIES CLEARLY EVIDENT IN BOTH COMMERCIAL AND OFFICIAL SECTORS AND EXPECTATIONS ARE OBVIOUSLY HIGH. PERHAPS VIGNETTE FROM WELL-CONNECTED YOUNG SYRIAN BUSINESSMAN SUMS IT UP BEST: BUSINESSMAN IS SOMEWHAT NERVOUS OVER NEW OPEN, BUSINESS-AS-USUAL ECONOMIC POLICY TOWARD US AND ASKS HIS FRIEND DEPUTY PM HAYDAR, "WHEN WILL IT END, WHEN WILL WE ALL END UP IN JAIL." HAYDAR RESPONDS: "DON'T WORRY ABOUT WHAT WE ARE DOING, JUST KEEP GOING. IF A JAIL SENTENCE IS THE RESULT, ANY CHARGE WILL BE MADE UP AND IT WON'T BE BASED ON WHAT WE'RE DOING NOW. MEANWHILE, LET'S KEEP THE NEW POLICY MOVING FORWARD." END SUMMARY.

2. AMBASSADOR, DCM AND ECONOFF SEPT 23 CALLED ON DEPUTY PM (ECONOMIC AFFAIRS) MOHAMAD HAYDAR, FINANCE MINISTER MOHAMAD AL-CONFIDENTIAL

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SHARIF, AND MINISTER OF ECONOMY MOHAMAD IMADI. EACH HAD SPECIFIC

COMMENTS ON POSSIBLE AREAS FOR US ECONOMIC AND TECHNICAL ASSISTANCE (REFTEL). THIS CABLE REPORTS MORE GENERAL COMMENTS OF EACH.

3. FINMIN AL-SHARIF ADMITTED HE HAD MUCH HOMEWORK TO DO (HAVING BEEN ELEVATED FROM CUSTOMS DIRECTOR ONLY A MONTH AGO). HE HOPED TO JOIN SARG DELEGATION TO IMF/IBRD BOARD MEETINGS END OF SEPTEMBER AND AMBAS-

SADOR ENCOURAGED HIM TO DO SO AND HAVE GENERAL DISCUSSIONS WITH STATE/

AID OFFICIALS WHILE IN WASHINGTON. (COMMENT: OUR INITIAL IMPRESSION IS THAT AL-SHARIF WILL BE HELPFUL, BUT HE MAY BE MORE OF A TECHNICIAN WITHOUT THE OBVIOUS CLOUT AND DECISION-MAKING ABILITY OF DEP PM HAYDAR, AND TO A LESSER EXTENT ECONMIN IMADI.)

4. DISCUSSION WITH HAYDAR WAS WIDE-RANGING, FRIENDLY, AND RAN OVER ALLOTTED ONE HOUR. MAIN THEMES WERE:

A. HAYDAR OPENED WITH FREINDLY AND RELAXED EXPOSITION ON ECONOMIC PROBLEM FACING SYRIA GIVEN LARGE DEFENSE EXPENDITURES AND CONCURRENT NEED FOR ECONOMIC DEVELOPEMNT. TO DO BOTH, SYRIA NEEDS TO RELY ON ARAB ASSISTANCE AND DOMESTIC CAPABILITIES, PLUS AID FROM "FRIENDLY COUNTRIES." HE STRESSED RELATIONSHIP OF ECONOMIC AND POLITICAL RELATIONS BETWEEN COUNTRIES, NOTING THAT ARAB-ISRAEL PROBLEMS MUST INEVITABLY AFFECT US-SYRIAN RELATIONS. BUT AS MAJOR POWERS CAN HAVE DIFFERENCES AND STILL COOPERATE, HEIDER SAW NO REASON WHY US-SYRIAN ECONOMIC COOPERATION SHOULD NOT HAVE GREAT POSSIBILITIES FOR GROWTH.

B. HAYDAR NOTED THAT EUPHRATES PROJECT, NEW REFINERIES, PETROCHEMICAL INDUSTRY WERE, IN HIS OPINION, BEYOND SCOPE OF COMMERCIAL INVESTMENT AND THUS SYRIA HAD TURNED TO BILATERAL AID. FUTURE PROJECTS MIGHT WELL FIT INTO COMMERCIAL SECTOR AND HAYDAR HOPED TO ENCOURAGE SUCH INVESTMENT.

C. HAYDAR STRESSED SYRIAN NEED FOR SKILLED MANPOWER AND HUMAN RESOURCES, BETTER TRAINING IN SYRIA AND HIGHER SALARIES TO RETAIN SUCH TRAINED WORKERS (EG., IN PETRO-CHEMICAL INDUSTRY). IN EFFORT TO LIMIT BRAINDRAIN, HE NOTED ONLY GRANTS FOR POST GRADUATE UNIVERSITY TRAINING ABROAD ARE NOW ALLOWED. LOWER LEVEL EDUCATION MUST BE OBTAINED IN SYRIA. HE ALSO MENTIONED 40,000 SYRIANS NOW WORKING IN LEBANON.

D. ON CLAIMS, HAYDAR SAID HE WISHED STUDY THIS MATTER PRIOR TO FONMIN KHADDAM'S RETURN FROM US AND REQUESTED EMBASSY
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SUPPLY INFORMAL DATA, BEGINNING WITH EXIM BANK LOAN INFORMATION GIVEN ITS SMALL AMOUNT. HAYDAR STRESSED HIS DESIRE NOT TO ALLOW SUCH OUTSTANDING CLAIMS TO DETER OVERALL IMPROVEMENT AND GROWTH OF US/SYRIAN ECONOMIC RELATIONS.

5. MINECON IMADI'S COMMENTS WERE MORE SPECIFIC AND GENERALLY INDICATED HIGHER LEVEL OF EXPECTATION OF WHAT HE BELIEVES US CAN DO FOR SYRIA, BASING HIS HOPES ON SECRETARY'S

STATEMENT OF LAST DECEMBER CONCERNING US ASSISTANCE FOR "RECONSTRUCTION OF SYRIA." IMADI WAS ONLY ONE OF THESE THREE MINISTERS TO REQUEST REVIEW OF POLITICAL SITUATION FROM AMBASSADOR. OTHER THAN COMMENTS ON SPECIFIC AREAS OF ASSISTANCE (REFTEL), IMADI DISCUSSED FOLLOWING.

A. HE ASKED IF USG HAS EXPORT PROMOTION/INSURANCE AGENCY. WE EXPLAINED EXIM AND OPIC PROCEDURES AND PROMISED TO SUPPLY HIM FURTHER MATERIAL ON PROGRAMS THESE AGENCIES. ON EXIM CLAIM, IMADI ALSO PROMISED TO STUDY PROBLEM IMMEDIATELY AND ASKED FOR COPY OF MATERIAL WE WILL BE SENDING TO HAYDAR.

B. IMADI ADMITTED SARG ECONOMIC LIBERALIZATION MOVES AND RE-ESTABLISHMENT RELATIONS WITH US HAVE CREATED INTERNAL (READ POLITICAL) PROBLEMS FOR GOVERNMENT, BUT HE IS CONVINCED SARG ON RIGHT TRACK AND WE SHOULD BOTH STRIVE FOR NORMAL RELATIONS, GIVING DUE WEIGHT TO OUR MUTUAL LONG-TERM OBJECTIVES.

C. GIVEN SIZE OF SYRIAN ECONOMIC REQUIREMENTS, IMADI HOPED THAT IN ADDITION TO BILATERAL ASSISTANCE, USG WOULD USE ITS GOOD OFFICES TO INFLUENCE IBRD, WORLD FOOD PROGRAM AND OTHER MULTILATERAL ASSISTANCE AGENCIES IN POSITIVELY CONSIDERING ASSISTANCE PROJECTS IN SYRIA. (IMADI SAID IBRD PRES MCNAMARA PROBABLY WILL VISIT SYRIA IN NOVEMBER.) SIMILARLY, IMADI EXPRESSED DESIRE FOR INDIRECT US INFLUENCE ON THIRD COUNTRIES (IE., ABU DHABI, VIA UK, OR MARRY US COMPANIES/TECHNOLOGY WITH SAUDI FUNDS FOR PROJECTS IN SYRIA.)

D. IMADI EXPRESSED STRONG DESIRE FOR AMERICAN COMPANY REPS TO VISIT SYRIA; HE DISAPPOINTED AT RATE OF VISITS SO FAR (MENTIONING US CHAMBER OF COMMERCE OFFICIALS MORRISON AND CALDWELL DURING DAMASCUS FAIR AND CHRYSLER CORP AND GE OFFICIALS, LATTER FOR TV TUBE PLANT PROPOSAL).

6. COMMENT: WE WERE STRUCK WITH RELAXED, FRIENDLY AND CONFIDENTIAL

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BUSINESS-LIKE ATTITUDE OF THESE RELATIVELY YOUNG MINISTERS AND THEIR CONSTANT THEME OF ESTABLISHING NORMAL US-SYRIAN ECONOMIC RELATIONS AS SOON AS POSSIBLE. THIS DESIRE ALSO REFLECTED IN FLOOD OF SYRIAN COMMERCIAL INQUIRIES RE US GOODS AND SERVICES SINCE REOPENING OF EMBASSY AND DURING AND AFTER HIGHLY SUCCESSFUL US PARTICIPATION IN DAMASCUS FAIR. US COMPANIES SHOULD BE ENCOURAGED TO TAKE ADVANTAGE OF SEVEN-YEAR PENT-UP DESIRE FOR AMERICAN GOODS, WHICH, WE WISH TO UNDERLINE, FEEDS ON AND ALSO SUPPORTS HIGH EXPECTATIONS SARG HAS FOR ITS OFFICIAL REQUESTS TO USG FOR ECONOMIC AND TECHNICAL ASSISTANCE. DESIRE FOR FORWARD MOMENTUM IN US-SYRIAN ECONOMIC RELATIONS COULD NOT BE MORE EVIDENT AND OUR JOB IN COMING MONTHS WILL BE TO MAINTAIN THIS MOMENTUM THROUGH BOTH POSITIVE COMMERCIAL AND OFFICIAL RESPONSES TO SYRIAN ECONOMIC REQUIREMENTS.

MURPHY

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